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FM AMCONSUL SAO PAULO
TO RUEHC/SECSTATE WASHDC PRIORITY 6496
INFO RUEHBR/AMEMBASSY BRASILIA 7600
RUEHAC/AMEMBASSY ASUNCION 2948
RUEHBU/AMEMBASSY BUENOS AIRES 2660
RUEHMN/AMEMBASSY MONTEVIDEO 2293
RUEHLP/AMEMBASSY LA PAZ 3247
RUEHCV/AMEMBASSY CARACAS 0452
RUEHBO/AMEMBASSY BOGOTA 1506
RUEHSG/AMEMBASSY SANTIAGO 2005
RUEHRG/AMCONSUL RECIFE 3409
RUEHRI/AMCONSUL RIO DE JANEIRO 7852
RHEHNSC/NSC WASHDC
RUCPDO/USDOC WASHDC 2725
RUEATRS/DEPT OF TREASURY WASHDC
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STATE FOR WHA/FO, WHA/BSC, WHA/EPSC, WHA/PDA
STATE ALSO FOR P, S/P, E, EB/CBA
STATE PASS USTR FOR CRONIN
STATE PASS EXIMBANK
STATE PASS OPIC FOR DMORONESE, NRIVERA, CVERVENNE
NSC FOR FEARS
TREASURY FOR OASIA, DAS LEE AND JHOEK
USDOC FOR 4332/ITA/MAC/WH/OLAC
USDOC FOR 3134/ITA/USCS/OIO/WH/RD
SOUTHCOM ALSO FOR POLAD
USAID FOR LAC/AA

E.O. 12958: N/A

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SUBJECT: UNDER SECRETARY BURNS' ROUNDTABLE DISCUSSION WITH CEOs IN
SAO PAULO, FEBRUARY 6, 2007

SUMMARY

¶1. (U) Under Secretary of State R. Nicholas Burns' February 6 roundtable with the CEOs of major American companies and subsidiaries in Sao Paulo provided business leaders a chance to comment on the local and regional business environment and detail their corporate social responsibility programs. U/S Burns emphasized our hope to build further on positive U.S.-Brazilian relations and for greater Brazilian engagement on common global challenges. End Summary

¶2. (U) On February 6, Under Secretary Burns and his delegation attended a roundtable with CEOs of the Brazilian subsidiaries of major U.S. corporations doing business in Brazil.

PARTICIPANTS

Under Secretary Burns
WHA Assistant Secretary Tom Shannon
Special Energy Coordinator Greg Manuel
S/P Member William McIlhenny
P Special Assistant Heide Bronke
Ambassador Clifford Sobel
USAID Director Jennifer Adams
FCS Deputy SCO Danny Devito
Jim Cramer, FCS (notetaker)

Alexandre Silva, CEO, GE; Chairman, AmCham Brazil

Natal Garcia, CEO, Caterpillar Brasil Ltda.
Marcos S. de Oliveira, CEO, Ford
Michel Levy, CEO, Microsoft
Geraldo Barbosa, CEO, Beckton Dickinson
Rogerio de Oliveira, CEO, IBM
Eduardo Bernini, CEO, AES Eletropaulo
Ambassador Sergio Amaral, Fundacao Armando Alvares Penteado (FAAP)
Pedro Luiz Dias, Director, General Motors
Adriana Machado, Advocacy Manager, AmCham

13. (U) The roundtable focused on Brazil's general business environment, as well as the companies' different Corporate Social Responsibility (CSR) programs. After opening the meeting with a thank you to all the participants, Ambassador Sobel turned the floor over to Alex Silva, Chairman of AmCham Brazil and President of GE Brazil. After discussing GE's history and profile, Silva spoke of the different issues facing businesses in Brazil - namely, bureaucracy and high taxes. Silva did mention that while Brazil presents significant challenges, GE operates across the globe and has experience in even more difficult markets. He added that the CEO of GE Global continues to be bullish on Brazil, and the company expects to see continued revenue growth from the market. Turning to his role as AmCham Chairman, Mr. Silva spoke of the different CSR initiatives the organization has, including the Eco Award, which brought Al Gore to Brazil in 2006 as the keynote speaker.

14. (U) Silva was followed by the President of IBM Brazil, Rogerio Oliveira, who said the company had tripled in size over the last few years and was moving fully into a services model. The GoB, he added, does not yet understand the power and potential that services can bring to an economy. While the government has some programs to promote services, strict labor laws and high taxes have limited the sector. Yet both IBM and Ford, who spoke after IBM, remained

SAO PAULO 00000163 002 OF 002

optimistic and bullish on Brazil. In January, Ford announced a USD one billion investment in Brazil's northeastern region, which Ambassador Sobel highlighted. Ford South America was the company's largest profit center last year and expects plan to continue such growth through the recent acquisition of the Troller brand and a new vehicle launch in Sao Paulo later this year.

15. (SBU) Michel Levy of Microsoft provided a brief overview of the company's CSR initiatives, and also spoke of the company's concern with protection of intellectual property in Brazil. Caterpillar's President, Natal Garcia, followed by saying that while business is going well and the company exports 25 percent of its production to the United States, a bilateral trade agreement between the two countries is needed. He added that while the economy and business continue to expand, Brazil's infrastructure bottlenecks make such growth less sustainable, and that tax, social security, and other reforms are badly needed. Garcia referred to Caterpillar's successful CSR support for sustainable logging in the Amazon, in collaboration with USAID, as an example of their social programs. He also expressed concern with what he sees as anti-Americanism among some elements of the Brazilian government. AES Sao Paulo also referred to their projects in collaboration with USAID, to extend electricity to millions of new, low-income clients. AES openly promotes the idea that CSR and strategic business decisions can be made hand-in-hand.

16. (U) U/S Burns closed the meeting by thanking all participants and reiterating the idea that while Brazil and the U.S. are allies, much room exists for improved strategic projects and stronger relations. He called on the Brazilian government to take on a more active global role, from security to all other issues, much as he has seen in India.

17. (U) This cable was coordinated with Embassy Brasilia and cleared by U/S Burns's delegation and Ambassador Sobel.

MCMULLEN